

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508 - Room XXXX
Cincinnati, Ohio 45201

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Employer Identification Number:

Person to Contact - ID#:

Contact Telephone Numbers:

UIL 4945.04-04

LEGEND

B= Name of Organization
C= Name of Program
D= Location
E= Non Profit Corporation
F= Provider of Financial Aid Advisement
X= Scholarship amounts

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, from your letter dated March 6, 2008.

Our records indicate that the B was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that the B will operate a grant-making program called the C to further the educational opportunities of students located primarily in the D. Scholarships will be awarded to provide funding for students to attend an accredited four year college or university. These students must exhibit a strong academic record or a demonstration of academic improvement over time, and financial need. The scholarships will be awarded annually in varying amounts within a range of x. Payments will be made directly to the educational institution for the use of the recipient. Funds will be used only for tuition, fees, books, supplies, and equipment required for courses of instruction, and for room and board.

The Trustees of the Foundation will contact high school, college, and graduate school administrators and administrators of youth-serving nonprofit organizations supported by the Foundation to advise them of the availability of the program and to request that deserving students be nominated to submit complete application forms to the Trustees of the Foundation, or for some scholarship programs - to the Trustees, Directors or Officers of an unaffiliated organization with which the Foundation has

engaged to carry out the administration of such scholarship programs. The current planned program named the C will be administered by E. E will interview scholarship applicants to select finalists for the C. The Trustees of the B will make the final selection of the grantees. No grants are to be awarded to the Foundation's creator, to its Trustees, its Officers or to any disqualified person with respect to the Foundation, or for a purpose that is inconsistent with the purposes described in Code Section 170(c)(2)(B).

On an annual basis, E will:

- Publicize the scholarship to grantee organizations of the B and solicit nominations
- Distribute scholarship applications to nominees
- Send names and contact information for scholarship nominees to F
- Communicate with F to track participation of nominees in F programs
- Review scholarship applications and interview a select group of finalists
- Select 15-20 students to receive scholarships
- Send names of scholarship awardees to F for final financial aid counseling, communication or advocacy with colleges and analysis of financial need to determine scholarship amount
- Create final award letters to Scholarship awardees
- Share final information on Scholars (contact information at college, scholarship amount) with F
- Develop renewal materials and contact Scholars in the fall to communicate renewal process
- Participate in regular check-in phone calls or meetings with F and the B

On an annual basis, F will:

- Conduct outreach to scholarship nominees (directly and through nominating organizations) regarding all F workshops and counseling sessions. These sessions include:
 - (1) Workshops: Financial Aid 101
 - (2) Group session: In-depth FAFSA
 - (3) One-on-One: FAFSA counseling
 - (4) Workshop: Next Steps (SAR, Verification)
 - (5) One-on-One: Next Steps (SAR Verification)
 - (6) Workshop: Analyzing Awards, Tuition Deposit, Payment Plan
 - (7) One-on-One: Analyzing Awards, etc.
 - (8) School Negotiations/Discussions
- Track participation by scholarship nominees in F workshops and communicate participation data to E
- Work with scholarship awardees to provide analysis of financial aid packages
- Communicate and advocate with colleges on behalf of scholarship awardees
- Analyze financial need of scholarship awardees to determine scholarship amount - share recommendations with E and the B

- Connect with Scholars in the fall to begin renewal process
- Provide support of Scholars on renewal for financial aid
- Communicate with financial aid offices at Scholar's colleges as needed
- Participate in regular check-in phone calls or meeting with E and the B

In order to be eligible for the award, candidates must meet the following criteria:

- (1) Applicant must be graduated or about to graduate from high school or its equivalent or be a full-time student at an accredited college, junior college, university or other accredited educational institution.
- (2) Applicant must submit a confidential application on a form to be approved by the Trustees of the Foundation, and, for some scholarship programs, by the Trustees, Directors, or Officers of an unaffiliated organization under contract with the Foundation to manage or assist with its scholarship programs.
- (3) Applicant must be enrolled or about to enroll in an educational institution as defined in Code section 17(b)(1)(A)(ii).
- (4) Applicant must show sufficient academic ability as demonstrated by prior academic performance or performance on tests designed to measure ability and aptitude.
- (5) Applicant has such character and motivation to obtain an education that he or she may be expected to work hard and seriously to continue and complete his or her education.
- (6) Applicant exhibits some need for financial assistance to enable him or her to complete his or her course of studies and can demonstrate such fact by information submitted with the application.
- (7) All nominated youth are required to work with F to receive guidance in navigating the college financial aid process.

The B will receive a progress report of each student grantee at least once a year. This report must include a summary of the use of the funds awarded, and the grantee's courses taken and grades received in each academic period. This report must be verified by the educational institution. A final report is also required. Where the report submitted, or other information (including the failure to submit reports) indicate that all or any part of a scholarship grant is not being used to further the purposes of such grant, the Foundation is under a duty to investigate. While conducting its investigation, the Foundation will withhold further payments to the extent possible. If the Foundation learns that all or any part of a grant is not being used to further the purposes of the grant, the Foundation will take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. The B agrees to maintain records regarding recipients of funds to include: (i) the information used to evaluate the qualifications

of potential grantees; (ii) identification of the grantees, the amount and terms of each grant; and (iii) any additional information the Foundation secured as part of the grant administration process.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c) (1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that herein your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements